

RECAP

Capital Projects Advisory Board

Meeting Date: July 8, 2022
Time: 10 am to Noon
Location: Virtual Public Meeting



Attendees: Bill Foster, Chair
William Messner, Vice Chair
Bruce Johnson
Ben Kaiser
Cynthia Wagner

Staff: Daniel Christensen, Department of Administrative Services (DAS)

Guests: Jeremy Miller, Department of Administrative Services (DAS)
Thom Martin, Monica Robertson, Oregon Department of Corrections (DOC)
Randy Gengler, Oregon Department of Transportation (ODOT)
Kris Mitchell, Todd Farmer, Oregon Military Department (OMD)
Paul Ehenger, Oregon Youth Authority (OYA)

A. Board Administration

- Chair Bill Foster called the meeting to order at 10:00 a.m.
- Roll call determined a quorum.
- Chair Bill Foster motioned approving Board minutes. Bruce Johnson seconded the motion.
- Bruce added on the bottom of page 2 of the Board minutes there is a statement regarding \$5, and it should be \$5M. The top of the last page has an error regarding the Junction City campus. It was built in 2014, not 2104. Daniel Christensen has updated these corrections in the final notes.
- Board meeting minutes were approved.
- Bill Messner abstained from the vote because he did not attend the last meeting.

B. Old Business

None

C. Agency Facility Plan Presentations

Department of Administrative Services (DAS)

- Jeremy Miller, Department of Administrative Services (DAS), presented the agency's 2023-25 Agency Facilities Plan. DAS has 110 facilities made up of office, lab, and data center space. DAS's Facilities Condition Index (FCI) is headed to 8.2% in 2022.
- Jeremy reviewed the DAS mission to provide space with new standards in the post-pandemic era. DAS is slowing down its construction projects but developing a plan to best support state agencies.
- Jeremy stated the DAS Facility Condition Index (FCI) is being mitigated by increasing non-capitalized projects.
- Jeremy reviewed DAS' project prioritization and reassessment of space standardization, which is a large component of the agency's work for the 23-25 biennium.
- Jeremy stated the planned cost of DAS facilities is \$10.83 per gross square footage charged to agencies.
- Current projects are the Revenue Building upgrade, Redmond Emergency Preparedness facility and, in the future, a full renovation and seismic renovations to the Labor and Industries building.
- Jeremy reviewed the 10-year project timeline for DAS and plans to reduce lease space and providing additional multiple-use spaces.
- Jeremy stated the Revenue Building has a \$10M bond. It will receive security, electrical, HVAC, restroom, wellness, and lighting upgrades. Seismic upgrades will cost \$90M. A bond will not be requested for seismic upgrades at this time. Security upgrades will be made on the lower floors. This is a fully funded project.

- The Emergency Preparedness facility is in Redmond. Plans are being developed for this facility in coordination with the Office of Emergency Management (OEM).
- Bill Messner asked since the OEM is being separated from the Oregon Military Department (OMD) if things are more complicated and will anything change. Jeremy replied that he does not believe that anything will change. OEM will be the developer and purchaser and DAS will purchase construction services.
- Jeremy stated the Labor and Industries Building is one of the most prominent users of energy on the Capitol Mall. A feasibility study has been started for the impending renovations. Seismic and mechanical upgrades are needed.
- Bruce Johnson asked if the project is funded. Jeremy replied that it is not funded. The \$75M is an estimated number. Bruce then asked if, given their cost, there are diminishing returns on the Labor and Industries and Department of Revenue buildings; might it be easier to demolish them and start over. Jeremy replied that “remove-and-replace” will be part of the feasibility study. Jeremy stated that sustainability and environmental impacts need to be understood before money is requested.
- Jeremy stated that project seismic is still very important for the DAS portfolio but needs to be updated. A feasibility study will be completed again to better understand which buildings are worth the investment to keep, remove or replace, or sell. Seismic upgrades will be incorporated into buildings as well.
- Cynthia Wagner asked if the assumption is to renovate to life safety and not immediate occupancy. Jeremy replied that life safety is always the goal. If immediate occupancy is the goal, then other departments will be engaged.
- Jeremy emphasized that cross-agency conversations is a major role of his position.
- Bill Foster added that DAS’ list of facilities has several buildings that were upgraded to life safety seismic standards in the past. Jeremy replied that he will review the list of buildings again. There will need to be deep conversations regarding prioritization of buildings.
- Jeremy stated the Executive Building construction will start in November 2022 with completion in March 2024. It will be upgraded seismically to life safety and be LEED certified. Shared space and post-pandemic office functionality will be included. Conference rooms will be available to commissions and boards. Security breaks between conference rooms will be available. It will heat and cool by zones. The facility is very exciting and designed to be shared with other agencies.
- Jeremy stated the North Valley Complex will include space for the Department of Agriculture, OSHA, OSP, and DAS Facilities. Half of the building will be lab space. Long term storage for OSP will be included. The facilities team will move to Wilsonville. Office space for the agencies will also be available.
- Jeremy concludes the State Library is now on the National Registry of Historic Places. Bill Messner gave accolades for the accomplishment.

Oregon Department of Corrections (DOC)

- Thom Martin and Monica Robertson from the Oregon Department of Corrections (DOC) presented the agency’s 23-25 Agency Facility Plan.
- Thom provided an overview of the Oregon Way, which is how prison culture is transformed by improving wellness and skills. Destination 2026 is the 10-year strategic operational plan for DOC to be the employer of choice with innovate employees who transform lives. DOC manages and maintains 12 prisons with 328 buildings at 5.5M square feet. Local physical plant managers maintain building operations. Budgets are insufficient to address deterioration. DOC relies on capitol renewal and deferred maintenance funding, which are insufficient to keep up with maintenance needs.
- Thom reviewed the goals of the strategic plan. The strategic plan was a recommendation from CPAB.
- The FCI is 10.9%. The ARPA funding for repairs was just available in June 2022. DOC has one year to spend \$37M for projects.
- Thom stated DOC made significant progress with projects before the pandemic.
- Thom continued that if left unresolved DOC’s maintenance will double every five years. Thom displayed two graphs depicting the shifts in FCI if maintenance is left unresolved.
- Bruce Johnson asked if ARPA dollars are federal funds. Thom replied yes and the ARPA funds took a year to receive.
- Thom reviewed projects that have been completed including roofing, plumbing, and building additional square footage. Fire suppression systems have been a significant focus across the agency.

- DOC is requesting \$123.2M for the 23-25 biennium. Projects include fire suppression, walls, and hard scaping; a training and recruitment center; and an updated Salem headquarters transport storage facility.
- Bill Messner asked given inflation, is the estimates DOC is providing CPAB correct today? Thom replied yes, the estimates were created recently and are accurate.
- Bill Foster asked if sump pumps were put in at Powder River. Thom answered they were not put in. The vaults should have drainage, and they do not.

Oregon Department of Transportation (ODOT)

- Randy Gengler from the Oregon Department of Transportation (ODOT) presented the agency' 2023-2025 Facilities Plan.
- Randy reviewed ODOT's mission. ODOT has many locations with 1,200 buildings, including 192 major buildings totaling 3.3M GSF with a CRV of \$958M. ODOT has 100 maintenance stations with a primary building and other buildings on those sites. ODOT facilities also include office buildings, communication towers, safety rest areas, semi-truck scales, and employee housing and salt and sand sheds.
- Randy stated that ODOT is funded by the State Highway Fund with very little or no General Fund dollars. Revenues are holding flat for the next few years because of high fuel prices causing people to drive less, uncertainty of economic growth, and fuel efficient and electric vehicles which use less or no gas.
- Randy stated that ODOT's expenditures exceed revenues as inflation and equipment costs go up. The federal funds ODOT receives cannot be used for maintenance.
- Bruce Johnson asked why there are expenditure jumps starting in 2025. Randy replied that workforce increases, revenue forecasts, impacts of inflation, and the cost of doing business will increase expenditures in the future.
- Bill Messner asked if ODOT anticipates a bump this year because of high gas prices. Randy answered that the Gas Tax is a flat fee and not a percentage. It is a big challenge with gas prices increasing in costs.
- Randy stated that ODOT has 4,000 deficiencies in 700 buildings totaling \$192M. ODOT needs to spend 2-3% of their current value to keep up on maintenance, which is \$44M per biennium. ODOT is currently only spending \$12-16M. Capital improvement funding has been steady overtime. Two projects in the last year were \$1M each and they had to go out for rebid because of their high costs.
- Randy stated that ODOT has faced challenges to keep buildings under \$1M. It would be helpful if the state could raise the level to \$2M per building. There are 12 buildings at the age of 75, there will be another 21 buildings in 25-27. ODOT leadership has considered a large capitol bond to cover the maintenance of the buildings. Randy stated that ODOT is in the stages of master planning and has hired FEA to lead in master planning. ODOT is reviewing scoring criteria by looking at sites, building functionality, and other attributes to determine the top 100 projects.
- Randy stated that reduction strategies have allowed ODOT to end six leases, saving \$500,000. ODOT has the potential of saving \$3M total by getting out of leases and have employees work from home.
- Randy reviewed ODOT's major projects. The Southern Coast Resiliency Project was started in 2017. The budget is \$60M. Davis Slough Maintenance Station will be replaced. Four new buildings will be built.
- ODOT has \$160M in deferred maintenance and \$38M for the Southern Coast project.

Oregon Military Department (OMD)

- Kris Mitchell and Todd Farmer from the Oregon Military Department (OMD) presented the agency's 2023-25 Agency Facility Plan.
- Kris stated that OMD's facilities portfolio includes 3.4M square feet of buildings worth \$1.6B. Funding comes from from federal, state, and general funds. OMD facilities are widely disbursed supporting national guard units throughout the state, including armories, and aviation facilities. OMD personnel respond to local emergencies, pandemic response, fires, and floods. 54% of the facilities are federally funded and the rest are supported by federal and state funds. The maintenance and quality of facilities are required by the federal government through the National Guard Bureau.

- Kris stated that OMD uses the BUILDER management system and Installation Status Report to measure the condition of its facilities. OMD's major issue is \$161M in deferred maintenance backlog, which is predominantly federally funded. OMD is in the process of \$14M in deferred maintenance projects across the state. The Armory Service Life Extension Program and Regional Emergency Enhancement Projects are bond funded and a small amount of revenue is received from rental properties.
- Kris stated that using federal funds for solar and energy efficiency projects has enabled OMD to reduce \$126,000 in electrical costs.
- Kris stated that OMD is facing price increases, labor shortage, and supply chain management issues. Climate Change issues are being mitigated by the Cascadia Playbook and Installation Energy and Water Plans. The plans will sustain an infrastructure outage for two weeks at a time.
- Kris stated that OMD's major projects are the Owen Summers Armory Service Life Extension Program (ASLEP) at \$2.9M and the McMinnville Armory at \$6M. Both projects are a combination of armory life extension and seismic work. Newport Armory is \$5.3M for seismic work and is a life extension project. The Hood River Armory is a life extension project for \$3.1M. The total project cost is \$17.6M.
- Kris stated that OMD's FCI is trending in the right direction at 16.8%.
- Bill Messner asked if all state dollars are matched with federal dollars. Kris replied for bond funds OMD has a hard time getting matching funds. On the sustainment side OMD can match funds with federal dollars. OMD receives \$10-15M per fiscal year in sustainment funds.
- Kris confirmed that OEM is now their own department.
- Bill Messner asked if some of OMD's portfolio will go over to OEM. Kris answered that none of OMD's portfolio will go to OEM. OEM will establish its own space and obtain a building from ODOT.
- Bill Foster asked if the Emergency Operations Center will stay at the Anderson Readiness Center. Kris replied that OEM will reestablish that center within their building.
- Cindy Wagner asked if OMD is looking at safety or immediate occupancy with seismic upgrades. Kris replied that each building is specific when considering upgrades.
- Bruce Johnson asked about the support the National Guard provides the state by using armories during the pandemic. Kris replied that the armories are used for mass vaccinations, housing during the Pendleton floods, and during hazards to support the community and National Guard members.

Oregon Youth Authority (OYA)

- Paul Ehenger and Rex Emery from the Oregon Youth Authority (OYA) presented the agency's 2023-25 Agency Facility Plan.
- Paul presented OYA's mission and vision. Paul explained that many of OYA's buildings were built from 1950-1990. There is a lack of space for youth development. Paul described OYA's goals of providing a normative environment for youth development and support for diversity, equity, and inclusion (DEI) in its facilities design.
- Paul stated that deferred maintenance is a high priority for OYA. OYA's portfolio size is 87 buildings; 657,446 square feet; and the Current Replacement Value is \$323.5M. OYA receives its funding from the general fund.
- Paul explained that youth correctional agencies typically have a higher construction cost, like DOC. OYA is unique in that it owns its major infrastructure components. OYA has nine campuses in seven different locations.
- Paul stated that OYA follows its 10-year strategic plan to create safe spaces for youth and addressing design and space efficiencies. OYA's funding request includes five projects, including a new school at Oak Creek; Rogue Valley living unit renovation; Rogue Valley new regulation and integration center; MacLaren new east and west high schools; and deferred maintenance and capital renewals totaling \$50.575M. Additional requests for funding include buildings that will be demolished, including a high school. Four other facilities are old and need to be removed from OYA's portfolio for \$4M. The Oak Creek school is the only female correctional facility in the state. The site needs a new high school and vocational buildings totaling \$11.85M. The project will start in October 2023, and complete in January 2026. The programming details are also included. The Rogue Valley Youth Correctional Facility is the second largest male facility in the state. A fourth housing unit is needed to provide equitable housing, like the other three units. Design is 95% complete on the fourth housing unit. The project is \$4.5M. The project will start in August 2023, and complete in April 2024.

- Paul emphasized that the environment needs to look normative, but be tough and durable, which adds to the costs. The Rogue Valley Crisis Intervention Units are needed to deescalate youth in crisis. The project is estimated at \$4M. Design will start in 2023, and the project will complete in 2025. MacLaren east and west high schools are needed because the current high school is going to be removed from service. The campus goal is to be divided in east and west high schools to keep the population separate. The two schools are \$23M with design starting in 2025 and completing in 2027. Each school is 11,000 square feet.
- Paul stated that OYA's FCI is 13.7% at current funding levels. The total project budget need is \$43.4M.
- Bruce Johnson applauded OYA's positive human development and DEI work. He asked about the \$4M for old inventory and how much deferred maintenance are they able to reduce. Paul replied that with the demolition of Lord High School, it is a \$3M reduction in maintenance costs. The demolition of the other buildings has not been analyzed because they are so old and fenced off. Bruce Johnson added that it is good they are removing a safety hazard to protect youth.
- Bill Foster asked about the arsenic treatment at MacLaren. Paul replied that it is doing well. They have reduced the arsenic levels. There has been a very small number of arsenic levels under the levels of the Environmental Project Agency and the state.
- Rex Emery invited CPAB Board Members to MacLaren to tour the campus. Bill Foster thanked him and noted that the master plan will create an improved environment.

Board Plan Acceptance Discussion

DAS

- Bill Foster commented that the Capitol Mall is a unique place. It has never had a building torn down. Most of the buildings qualify as historic structures. Some of the more normal metrics for life cycle facilities are different for facilities on the Mall.
- Bill Foster moved for approval of the DAS plan. Bill Messner seconded. The DAS plan was unanimously approved.

DOC

- Bill Messner noted that everyone was thoughtful and well prepared.
- Bill Foster commented that the quality of presentations are so much better than they were in the past.
- Cindy Wagner noted that everyone is doing their homework and considering the high cost of construction.
- Bill Foster added that in the past cost estimators used the midpoint of construction.
- Daniel Christensen commented that he encouraged agencies to seek additional insights and anticipate high level of costs.
- Bruce Johnson commented that the ARPA dollars make the DOC fiscally constrained.
- Bill Foster moved for approval of the DOC plan. Bruce Johnson seconded. The DOC plan was unanimously approved.

ODOT

- Bill Foster commented that ODOT is projecting its needs well and telecommuting will impact all agencies' facilities.
- Bill Foster moved for approval of the ODOT plan. Bill Messner seconded. The ODOT plan was unanimously approved.

OMD

- Bill Foster was favorable to the improvements the National Guard are making to their facilities due to the requirements of the federal government.
- Bill Messner added that OEM's Emergency Coordination Center changes will be interesting and hoped for more insight into how it will be repurposed in the future.
- Bill Foster moved for approval of the OMD plan. Bill Messner seconded. The OMD plan was unanimously approved.

OYA

- Bill Foster commented that OYA has been working on upgrading facilities. Their portfolio is in much better shape than it was 20 years ago. This is a success story of the planning process.

- Bill Foster moved for approval of the OYA plan. Bruce Johnson seconded. The OYA plan was unanimously approved.
- Daniel commented that he will provide agencies with kudos regarding the quality of their presentations and add it to the plan acceptance letters. Daniel will send the letters to Bill Foster for his signature and then send them to the agencies.
- Bill Foster adjourned the meeting.

- **Public Testimony – None**

D. Other Issues

None

Next meeting:

August 11, 2022

10am to Noon

Virtual Public Meeting